

**STATEMENT OF
COMMISSIONER MICHAEL J. COPPS**

RE: Service Rules for Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands, Order on Reconsideration (WT Docket No. 02-353), FCC 05-149

I am committed to sticking to our schedule and conducting the AWS auction as soon as possible. The changes that we make today to the band plan will make this a better auction. The band plan balances the needs of different types of wireless companies by offering both geographically large and small auction areas. I think we came up with a solution that gives everyone a chance to participate meaningfully in the auction, a result that will serve both rural and urban consumers. We all want to make this spectrum available as quickly as possible, and we take a big step toward that goal today.

The Order also announces that the Commission will initiate a NPRM on the question of whether we should close a potentially troubling loophole in the designated entity program. The DE program is designed to create opportunities for smaller carriers to obtain the spectrum resources needed to bring new services to consumers. The program is often particularly useful in rural areas. In this auction, carriers that qualify under the DE program as small companies will receive a 25 percent auction discount. That discount can add up to millions of dollars.

I strongly support the DE program and consider it a powerful tool that can create new competition and entry by small businesses. But I also believe that we must be vigilant and guard against misuse of the program. Some entities cast themselves as small companies to qualify for auction discounts, having already entered into agreements to lease the spectrum rights they win to industry giants that themselves do not qualify for the discount. I am glad that we are exploring whether we should limit the ability of companies with billions of dollars in revenues to effectively receive discounts intended for small companies by entering into such arrangements. The DE program was initiated to create new competition and to give small entrepreneurs a chance to bring innovations to consumers. If there is a loophole that could result in millions of dollars less in auction revenues without these goals being served, we should act expeditiously to protect the DE program.

Our largest auction in many years is going to be held in June. We need to put this NPRM out immediately, compile the record, and develop whatever action plan may be necessary if it is determined that new protections are needed for the DE program—well before the auction is held. We need not delay this auction, but at the same time we must protect taxpayer money. I see no reason – if we move quickly – why we can't achieve both of these goals.